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SENATE BILL 12

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Roman M. Maes

FOR THE ECONOMIC AND RURAL DEVELOPMENT AND TELECOMMUNICATIONS
COMMITTEE AND THE REVENUE STABILIZATION AND
TAX POLICY COMMITTEE

AN ACT

RELATING TO TAXATION; AMENDING THE LABORATORY PARTNERSHIP WITH
SMALL BUSINESS TAX CREDIT ACT; INCREASING THE TAX CREDIT PER
QUALIFIED EXPENDITURE INCURRED; INCREASING THE AGGREGATE
ALLOWABLE TAX CREDIT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-9E-1 NMSA 1978 (being Laws 2000 (2nd
S.S.), Chapter 20, Section 1) is amended to read:

"7-9E-1. SHORT TITLE. -- [~~This act~~] Chapter 7, Article 9E
NMSA 1978 may be cited as the "Laboratory Partnership with
Small Business Tax Credit Act". "

Section 2. Section 7-9E-3 NMSA 1978 (being Laws 2000 (2nd
S.S.), Chapter 20, Section 3) is amended to read:

"7-9E-3. DEFINITIONS. -- As used in the Laboratory
Partnership with Small Business Tax Credit Act:

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1 A. "contractor" means an entity that has the
2 capability to provide small business assistance, may enter into
3 a contract with a national laboratory to provide small business
4 assistance and is:

5 (1) an individual, estate, trust, receiver,
6 cooperative association, club, corporation, company, firm,
7 partnership, limited liability company, limited liability
8 partnership, joint venture, syndicate or other entity,
9 including any gas, water or electric utility owned or operated
10 by a county, municipality or other political subdivision of the
11 state; or

12 (2) [~~any~~] a national, federal, state, Indian
13 or other governmental unit or subdivision, or [~~any~~] an agency,
14 department or instrumentality of any of the foregoing;

15 B. "department" means the taxation and revenue
16 department, the secretary of taxation and revenue or any
17 employee of the department exercising authority lawfully
18 delegated to that employee by the secretary;

19 C. "national laboratory" means a prime contractor
20 designated as a national laboratory by act of congress that is
21 operating a facility in New Mexico;

22 D. "qualified expenditure" means an expenditure by
23 a national laboratory in providing small business assistance,
24 limited to the following expenditures incurred in providing the
25 assistance:

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1 (1) employee salaries, ~~[and]~~ wages and fringe
2 benefits and employer payroll taxes;

3 (2) ~~[fringe benefits, employer payroll taxes~~
4 ~~and other]~~ administrative costs related directly to the
5 provision of small business assistance, the total of which is
6 limited to forty-nine percent of ~~[employee salaries and wages]~~
7 the amount allowed pursuant to Paragraph (1) of this
8 subsection;

9 (3) in-state travel expenses, including per
10 diem and mileage at the internal revenue service standard
11 rates; and

12 (4) supplies and services of contractors
13 related to the provision of small business assistance;

14 E. "rural area" means any area of the state other
15 than a class A county that has a net taxable value for rate-
16 setting purposes for any property tax year of more than seven
17 billion dollars (\$7,000,000,000);

18 F. "small business" means a business in New Mexico
19 that conforms to the definition of small business found in the
20 federal Small Business Act, Public Law 85-536, as amended; and

21 G. "small business assistance" means assistance
22 rendered by a national laboratory related to the transfer of
23 technology, including software and manufacturing, mining, oil
24 and gas, environmental, agricultural, information and solar and
25 other alternative energy source technologies. "Small business

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1 assistance" also includes nontechnical assistance related to
2 expanding the New Mexico base of suppliers, including training
3 and mentoring individual small businesses; assistance in
4 developing business systems to meet audit, reporting and
5 quality [~~assistance~~] assurance requirements; and other supplier
6 development initiatives for individual small businesses. "

7 Section 3. Section 7-9E-7 NMSA 1978 (being Laws 2000 (2nd
8 S.S.), Chapter 20, Section 7) is amended to read:

9 "7-9E-7. TAX CREDITS--AMOUNTS.--Each tax credit provided
10 for pursuant to the Laboratory Partnership with Small Business
11 Tax Credit Act shall be an amount equal to the qualified
12 expenditure incurred by the national laboratory, not to exceed
13 [~~five thousand dollars (\$5,000)~~] ten thousand dollars (\$10,000)
14 for each small business outside of a rural area for which small
15 business assistance is rendered in a calendar year or [~~ten~~
16 ~~thousand dollars (\$10,000)~~] fifteen thousand dollars (\$15,000)
17 if the small business assistance was provided to a small
18 business located in a rural area. "

19 Section 4. Section 7-9E-8 NMSA 1978 (being Laws 2000 (2nd
20 S.S.), Chapter 20, Section 8) is amended to read:

21 "7-9E-8. CLAIMING THE TAX CREDIT--LIMITATION.--A national
22 laboratory eligible for the tax credit pursuant to the
23 Laboratory Partnership with Small Business Tax Credit Act may
24 claim the amount of each tax credit by crediting that amount
25 against gross receipts taxes otherwise due pursuant to the

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1 Gross Receipts and Compensating Tax Act. The tax credit shall
2 be taken on each monthly gross receipts tax return filed by the
3 national laboratory against gross receipts taxes due the state
4 and shall not impact any local government tax distribution. In
5 no event shall the tax credits taken exceed [~~one million eight~~
6 ~~hundred thousand dollars (\$1,800,000)] four million two hundred
7 thousand dollars (\$4,200,000) in a given calendar year."~~

8 Section 5. A new section of the Laboratory Partnership
9 with Small Business Tax Credit Act is enacted to read:

10 "[NEW MATERIAL] OVERSIGHT-- REPORTING. --

11 A. A national laboratory eligible for a tax credit
12 pursuant to the Laboratory Partnership with Small Business Tax
13 Credit Act shall report quarterly to the department. A
14 quarterly report shall be provided within thirty days after the
15 end of each calendar quarter. The quarterly report shall
16 include:

17 (1) information related to each small business
18 for which assistance is provided, including:

19 (a) the name of the small business;
20 (b) the address of the small business;
21 (c) the county in which the small
22 business is located;

23 (d) identification of the small business
24 as being located within or outside of a rural area;

25 (e) the direct cost of the assistance,

1 including labor, fringe benefits, purchases and travel;

2 (f) the indirect costs of the
3 assistance;

4 (g) a description of the assistance
5 provided; and

6 (h) identification of the contractor or
7 other entity that provided the small business assistance;

8 (2) certification from the small business that
9 the small business could not receive the same service for a
10 reasonable cost from private industry;

11 (3) documentation by the national laboratory
12 that it exerted due diligence to determine that the small
13 business assistance is not otherwise available to the small
14 business at a reasonable cost from private industry; and

15 (4) identification of small businesses to
16 which assistance was denied and the reasons for denial.

17 B. An annual report shall be submitted by a
18 national laboratory providing small business assistance
19 pursuant to the Laboratory Partnership with Small Business Tax
20 Credit Act to the department, the economic development
21 department and an appropriate legislative interim committee.
22 The annual report shall be submitted no later than June of each
23 year. The annual report shall summarize activities related to
24 and the results of its small business assistance program and
25 shall include:

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1 (1) a summary of the program results and the
2 number of small businesses assisted in each county;

3 (2) a description of projects involving
4 multiple small businesses requiring the same type of small
5 business assistance and the results of the small business
6 assistance provided;

7 (3) results of surveys of the small businesses
8 to which small business assistance was rendered;

9 (4) the amount of tax credit claimed for the
10 calendar year on which the report is based; and

11 (5) an economic impact study of jobs created,
12 jobs retained, cost savings and increased sales of small
13 businesses for which small business assistance was rendered.

14 C. At any time after receipt of a report from a
15 national laboratory eligible for the tax credit authorized
16 pursuant to the Laboratory Partnership with Small Business Tax
17 Credit Act, the department may provide written instructions to
18 the national laboratory related to future improvements in the
19 laboratory's small business assistance program for which it is
20 receiving tax credits. "

21 Section 6. EFFECTIVE DATE. --The effective date of the
22 provisions of this act is July 1, 2003.